

Message Text

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PAGE 01 JAKART 08665 281011Z
ACTION EA-12

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SUBJECT: SUHARTO-LEE TALKS IN BALI

REF: JAKARTA 8493

1. SUMMARY.SUHARTO AND LEE HELD WIDE-RANGING DISCUSSIONS
ON MATTERS AFFECTING BILATERAL AND INTERNATIONAL RELATIONS.
POLITICAL ISSUES SEEMED TO HAVE DOMINATED THE TALKS PRIMARILY
BECAUSE THE TWO HEADS OF STATE SHARE A GREATER COMMONALITY
OF VIEWS IN THAT AREA. ECONOMIC DIFFERENCES BETWEEN THE
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PAGE 02 JAKART 08665 281011Z

TWO COUNTRIES, HOWEVER, CONTINUE TO ACT AS A BRAKE ON
IMPROVING BILATERAL COOPERATION, WITH SINGAPORE'S DIESEL
PROJECT AND INDONESIA'S BATAM ISLAND INDUSTRIAL PROJECT
BEING THE MOST SALIENT ISSUES. END SUMMARY.

2. PRESIDENT SUHARTO AND PRIME MINISTER LEE KUAN YEW
MET IN BALI JUNE 25-27 FOR WIDE-RANGING DISCUSSIONS ON

BILATERAL, REGIONAL AND INTERNATIONAL ISSUES. ACCORDING TO REMARKS MADE TO THE PRESS (PRIMARILY BY LEE), BOTH LEADERS SAW EYE-TO-EYE ON MANY ISSUES CONFRONTING THE TWO NATIONS AND THE REGIONAL AS A WHOLE. FOLLOWING AN INITIAL "FOUR EYES ONLY" MEETING ON JUNE 26, LEE REMARKED THAT "WE BOTH SEE THE SAME ROCKS AND THE SAME STARS." ON JUNE 27, HE PICKED UP ON THIS OBSERVATION BY SAYING THAT "THE STARS ARE NOW SHINING MORE BRIGHTLY," APPARENTLY REFERRING TO AN IMPROVED ATMOSPHERE OF BILATERAL AND ASEAN COOPERATION.

3. DISCUSSION OF POLITICAL ISSUES TOOK UP A GOOD PORTION OF THE SUHARTO-LEE MEETINGS. FOREMOST ON THE MINDS OF BOTH HEADS OF STATE WAS THE DETERIORATING INDOCHINA SITUATION, WHICH LEE DESCRIBED TO THE PRESS AS "VERY DIFFICULT." CLOSELY RELATED WAS THE QUESTION OF THE ROLES OF THE SUPERPOWERS AND THE PRC, AND HOW THEY WILL AFFECT THE STABILITY OF THE REGION. ON RELATIONS WITH THE PRC IN PARTICULAR, LEE TOLD THE PRESS THAT SINGAPORE'S POSITION WAS ALREADY WELL KNOWN. "WE WILL ONLY MOVE AFTER INDONESIA HAS RE-ESTABLISHED HER HER EMBASSY (IN CHINA)." ON THE USSR, HE SIMPLY SAID THE SINGAPORE HAS "NO DIFFICULTIES," AVOIDING ANY PUBLIC IDENTIFICATION OF THE USSR WITH THE INDOCHINA SITUATION. THE TWO LEADERS ALSO STRESSED THE NECESSITY FOR ASEAN TO ESTABLISH CLOSER RELATIONS WITH THE WESTERN INDUSTRIALIZED NATIONS AND LIMITED OFFICIAL USE

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PAGE 03 JAKART 08665 281011Z

JAPAN AS A MEANS TO ENCOURAGE STABILITY AND FOSTER CONTINUING DEVELOPMENT. ACCORDING TO A GOI OFFICIAL, THE TWO LEADERS ALSO DISCUSSED WAYS TO ACHIEVE A COMMON VIEW WITHIN ASEAN CONCERNING THEIR ROLE IN THENON-ALIGNED MOVEMENT AND THE NORTH-SOUTH DIALOGUE.

4. THE TWO LEADERS REITERATED THEIR DETERMINATION TO STIMULATE CLOSER ASEAN COOPERATION, NOTING THAT ONLY BY HELPING EACH OTHER BUILD UP THEIR RESPECTIVE NATIONAL ECONOMIES WOULD THEY BE ABLE TO ACHIEVE "STRENGTH AND SOLIDARITY" IN THE ASEAN REGION. RESPONDING TO A PRESS QUERY AS TO WHETHER SUHARTO MADE A SPECIFIC REQUEST FOR ASSISTANCE, LEE DENIED IT, ADDING THAT "WHAT IS REQUIRED IS NOT A SPECIFIC REQUEST BUT AN ATTITUDE WHICH WILL DETERMINE OUR POLICY."

5. OTHER ISSUES THAT ALMOST CERTAINLY UNDER THE ASEAN DIESEL PROJECT, THE BATAM ISLAND INDUSTRIAL PROJECT, THE CONTINENTAL SHELF IN THE MALACCA STRAIT, AND BRUNEI. THERE HAS BEEN NO OFFICIAL ACKNOWLEDGMENT SO FAR THAT THE LATTER TWO ISSUES WERE TOUCHED UPON, AND THE BATAM ISLAND INDUSTRIAL PROJECT RECEIVED ONLY

BRIEF MENTION BY PRIME MINISTER LE WHEN, IN RESPONSE TO A QUESTION, HE REPLIED THAT THERE WAS "POSSIBILITY OF MORE (BILATERAL) COOPERATION," PARTICULARLY ON THE PART OF PRIVATE BUSINESS. ON THE DIESEL PROJECT, THE GOI SAID IT HAD "NO OBJECTIONS" IF SINGAPORE WISHED TO GO AHEAD WITH THE PROJECT, BUT NOTED THAT DIESEL ENGINES UP TO 500 HP WOULD NOT BE IMPORTED INTO INDONESIA. THE PRESS SPECULATED THAT SINGAPORE MAY BE ACTIVELY SEEKING AN ALTERNATIVE PROJECT.

6. PARLIAMENT SPEAKER DARYATMO TOOK THE OCCASION OF THE VISIT TO ANNOUNCE THAT AN INTERPARLIAMENTARY MEETING OF THE ASEAN COUNTRIES WILL TAKE PLACE IN SINGAPORE IN EARLY SEPTEMBER, PRIOR TO THE ASEAN-EEC INTERPARLIAMENTARY LIMITED OFFICIAL USE

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PAGE 04 JAKART 08665 281011Z

MEETING NOW SCHEDULED FOR LATER THE SAME MONTH.

7. COMMENT. WHILE THERE HAVE BEEN SOME ENCOURAGING SIGNS THAT SUHARTO AND LEE SHARE A GREATER COMMONALITY OF VIEWS, AT LEAST ON THE POLITICAL LEVEL, ECONOMIC DIFFERENCES CONTINUE TO ACT AS A BRAKE ON ANY MEANINGFUL MOVE TOWARDS IMPROVING BILATERAL COOPERATION. MASTERS

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